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**ORIGINAL****BEFORE THE ARIZONA CORPORATION COMMISSION**

RECEIVED

Arizona Corporation Commission

**DOCKETED**

OCT 28 2014

**COMMISSIONERS**

2014 OCT 28 P 3: 34

BOB STUMP, Chairman

GARY PIERCE

BRENDA BURNS

BOB BURNS

SUSAN BITTER SMITH

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DOCKETED BY

W-02250A-14-0376

Docket No.

W- 20919A-14-0376

**APPLICATION FOR A CC&N AND  
FOR APPROVAL OF TRANSFER OF  
ASSETS**

IN THE MATTER OF THE APPLICATION  
OF ARIZONA WINDSONG REALTY, INC.  
AN ARIZONA CORPORATION, FOR A  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY AND TO TRANSFER ASSETS.

Arizona Windsong Realty, Inc. ("Windsong") applies to the Arizona Corporation Commission for a Certificate of Convenience and Necessity ("CC&N") under A.R.S. §§ 40-281, 40-282, and A.A.C. R14-2-402, and for approval for the transfer of assets under A.R.S. § 40-285. This Application is filed in compliance with Decision No. 74597 (July 30, 2014), which required Windsong to file "an application with the Commission for approval to transfer utility assets and Certificate of Convenience and Necessity to Arizona Windsong Water Co. within 90 days of the effective date of this Decision." In support of this application, Windsong states as follows:

1. The proposed CC&N area requested in this application was originally granted to Navajo Park Land and Water Company. In Decision No. 49857 (April 18, 1979), the CC&N was transferred to Arizona Windsong Realty, Inc., a predecessor company to Windsong. Subsequently, Arizona Windsong Realty, Inc. was dissolved by the ACC Corporations Division, and the owners of Windsong formed Windsong as a successor corporation.

2. The Commission revoked the CC&N in Decision No. 65918 (May 16, 2003) due to an unresolved ADEQ Notice of Violation.

3. The Commission subsequently approved an emergency interim surcharge for Windsong in Decision No. 74442 (April 18, 2014), and then approved permanent rates for Windsong in Decision No. 74597 (July 30, 2014). That Decision also directed Windsong to file this Application.

4. Windsong requests retroactive approval from the Commission to transfer its assets from Arizona Windsong Realty, Inc., a dissolved Arizona corporation to Windsong.

5. Windsong requests that the Commission issue it a CC&N for the same area previously granted in Decision No. 74442.

6. The information required by A.A.C. R14-2-402(B)(5) is set forth in the paragraphs below.

7. *The applicant's legal name, mailing address, and telephone number:* Arizona Windsong Water Co., P. O. Box 261 Sanders, AZ 86512, 505-870-6700.

8. *If the applicant will or does operate the utility under a different business name, the name under which the applicant will be doing business;* Not Applicable.

9. *The full name, mailing address, and telephone number of a management contact for the applicant;* Mrs. Lillie Paulsell, P. O. Box 261 Sanders, AZ 86512, 505-870-6700

10. *The full name, mailing address, and telephone number of the attorney for the applicant, if any;* Timothy J. Sabo, Roshka DeWulf & Patten, PLC, One Arizona Center, Suite 800, 400 East Van Buren, Phoenix Arizona 85004, 602-256-6100.

11. *The full name, mailing address, and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the applicant;* Terry Oldham, Certified Operator No. AZ.OP0006057, P.O. Box 975, Eagar, AZ 85925, 928.245.1841.

12. *The full name, mailing address, and telephone number of the onsite manager for the applicant;* Mrs. Lillie Paulsell, P. O. Box 261 Sanders, AZ 86512, 505-870-6700

13. *Whether the applicant is a corporation, a partnership, a limited liability company, a sole proprietor, or another specified type of legal entity;* Windsong is an Arizona corporation.

14. If the applicant is a corporation, the following:

*i. Whether the applicant is a "C" corporation, an "S" corporation, or a non-profit corporation and whether the corporation is domestic or foreign;* Windsong is a domestic "S" corporation.

1            *ii. A list of the full names, titles, and mailing addresses of each of the applicant's*  
2            *officers and directors; Mrs. Lillian Paulsell, Acting President, Secretary, and*  
3            *Director.*

4            *iii. A copy of the applicant's certificate of good standing issued by the*  
5            *Commission's Corporations Division; Windsong is in the process of seeking*  
6            *reinstatement from the Corporations Division and will submit the certificate of*  
7            *good standing when it is available.*

8            *iv. Unless the applicant is applying for a CC&N extension, a certified copy of the*  
9            *applicant's articles of incorporation and by-laws; See attached Exhibit 1.*

10           *v. If the applicant is a for-profit corporation, the number of shares of stock*  
11           *authorized for issue and, if any stock has been issued, the number of shares issued*  
12           *and date of issuance; 5,000,000 shares issued, in two classes, owned by Mrs.*  
13           *Lillian Paulsell and the estate of Patton Earl Paulsell.*

14           15.    *The legal name and mailing address of each other utility in which the applicant has*  
15           *an ownership interest; None.*

16           16.    *A description of the requested service area or extension area, expressed in terms of*  
17           *cadastral (quarter section) or metes and bound survey; Windsong requests the same CC&N area*  
18           *previously issued in Decision No. 49857 (April 18, 1979). Windsong adopts as its map Figure 2*  
19           *to Exhibit KS to the May 9, 2014 Staff Report in Docket No. W-02250A-14-0028. A copy of this*  
20           *map is attached as Exhibit 2.*

21           17.    *The name of each county in which the requested service area or extension area is*  
22           *located and a description of the area's location in relation to the closest municipality, which shall*  
23           *be named; Windsong is located in the unincorporated community of Sanders, Arizona. The*  
24           *nearest municipalities are: Sanders is 42.8 miles west of Gallup, New Mexico on I-40; and it is 54*  
25           *miles east of Holbrook, Arizona, on I-40. Sanders is approximately 52.5 miles north of St. Johns,*  
26           *Arizona.*  
27

1           18.     *A complete description of the facilities proposed to be constructed, including a*  
2 *preliminary engineering report with specifications in sufficient detail to describe each water*  
3 *system and the principal components of each water system (e.g., source, storage, transmission*  
4 *lines, distribution lines, etc.) to allow verification of the estimated costs provided under subsection*  
5 *(B)(5)(o) and verification that the requirements of the Commission and the Arizona Department of*  
6 *Environmental Quality can be met;* Windsong has an existing system. Windsong's well, pump,  
7 and electrical system have recently been repaired with the assistance of Arizonans for Responsible  
8 Water Policy (Arizona Water Company, Global Water Resources, and Liberty Utilities), the  
9 Navajo Tribal Utility Authority, and Arizona Public Service. On March 19, 2014, in Docket No.  
10 W-02250A-14-0028 Windsong submitted a planned list of system improvements prepared by  
11 Certified Operator Terry Oldham.

12           19.     *The estimated total construction cost of the proposed offsite and onsite facilities,*  
13 *including documentation to support the estimates, and an explanation of how the construction will*  
14 *be financed, such as through debt, equity, advances in aid of construction, contributions in aid of*  
15 *construction, or a combination thereof;* The estimated cost of constructing the improvements  
16 recommended by Mr. Oldham is between \$16,000 to \$32,000, per Mr. Oldham's report. The  
17 construction will be financed when funds become available through ongoing revenues or through  
18 donations or grants.

19           20.     *Documentation establishing the applicant's financial condition, including at least*  
20 *the applicant's current assets and liabilities, an income statement, the applicant's estimated*  
21 *revenue and expenses for the first five years following approval of the application, and the*  
22 *estimated value of the applicant's utility plant in service for the first five years following approval*  
23 *of the application;* See Docket No. W-02250A-14-0028. Estimated revenue for the first five  
24 years is \$75,000 for each year. Estimated expenses for the next five years are \$66,929 per  
25 Decision No. 74597 (July 30, 2014) at Finding of Fact No. 34. The estimated value of the plant in  
26 service depends on when the improvements are constructed, which depends on the availability of  
27 funds.

21. *The rates proposed to be charged for services rendered, shown in the form of a proposed tariff that complies with Commission standards; The applicant proposes to charge the rates approved by the Commission in Decision No. 74597 (July 30, 2014). The approved tariff for these rates is attached as Exhibit 3.*

22. *The estimated annual operating revenues and expenses for the first five years of operation for the requested service area or extension area, expressed separately for residential, commercial, industrial, and irrigation services, and including a description of each assumption made to derive the estimates; There is no extension area; this application applies to the area presently being served by Windsong. No new customers are anticipated. All customers are residential, with the exception of a gas station. See Docket No. W-02250A-14-0028. Estimated revenue for the first five years is \$75,000 for each year. Estimated expenses for the next five years are \$66,929 per Decision No. 74597 (July 30, 2014) at Finding of Fact No. 34.*

23. *A detailed description of the proposed construction timeline for facilities, with estimated starting and completion dates and, if construction is to be phased, a description of each separate phase of construction; See Paragraph 19 above.*

24. *A copy of any requests for service from persons who own land within the proposed service area or extension area, which shall identify the applicant by name; Not applicable, currently providing service to approximately 69 customers.*

25. *Maps of the proposed service area or extension area identifying:*

- i. The boundaries of the area, with the total acreage noted;*
- ii. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;*
- iii. The owner of each parcel within the area;*
- iv. Any municipality corporate limits that overlap with or are within five miles of the area;*
- v. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area,*

1 with identification of the entity providing service and each type of service being  
2 provided;

3 vi. The location within the area of any known water service connections that are  
4 already being provided service by the applicant;

5 vii. The location of all proposed developments within the area;

6 viii. The proposed location of each water system and the principal components  
7 described in subsection (B)(5)(n); and

8 ix. The location of all parcels for which a copy of a request for service has been  
9 submitted per subsection (B)(5)(t);

10 See Exhibit 2. There are no municipalities within 40 miles. There is no public service  
11 corporation, municipality, or district currently providing water or wastewater service  
12 within one mile. The location of the current water system is shown in the Staff Report  
13 filed on May 9, 2014 in Docket No. W-02250A-14-0028. There are no proposed  
14 developments, this application is to serve existing customers.

15 26. A copy of each notice to be sent, as required under subsection (B)(4), to a  
16 municipal manager or administrator; None. There are no municipalities within 5 miles.

17 27. A copy of each notice sent, as required under subsection (B)(3), to a landowner not  
18 requesting service; Not applicable, this application is to serve customers who are already  
19 receiving service.

20 28. For each landowner not requesting service, either the written response received  
21 from the landowner or, if no written response was received, a description of the actions taken by  
22 the applicant to obtain a written response; Not applicable, this application is to serve customers  
23 who are already receiving service.

24 29. A copy of each city, county, or state agency approval required by law to construct  
25 the proposed facilities or operate the utility within the proposed service area or extension area or,  
26 for any approval not yet obtained, the status of the applicant's application for the approval; Not  
27 applicable; system is already in operation.

30. *The estimated number of customers to be served for each of the first five years of operation, expressed separately for residential, commercial, industrial, and irrigation customers and including documentation to support the estimates;* Existing customer base is not expected to change in the next five years. Approximately 69 customers.

31. *A description of how wastewater service is to be provided in the proposed service area or extension area and the name of each wastewater service provider for the area, if any;* Septic systems. There are no wastewater service providers in the area.

32. *A letter from each wastewater service provider identified under subsection (B)(5)(aa), confirming the provision of wastewater service for the proposed service area or extension area;* Not applicable.

33. *Plans for or a description of water conservation measures to be implemented in the proposed service area or extension area, including, at a minimum:*

*i. A description of the information about water conservation or water saving measures that the utility will provide to the public and its customers;* BMPs not required for this small utility. The utility is focused on meeting basic service standards first.

*ii. A description of how the applicant will work with each wastewater service provider identified under subsection (B)(5)(aa) to encourage water conservation;* None

*iii. A description of the sources of water that will be used to supply parks, recreation areas, golf courses, greenbelts, ornamental lakes, and other aesthetic water features;* There are no parks, recreation areas, golf courses, greenbelts, ornamental lakes or other aesthetic water features in the proposed CC&N area, nor are any anticipated.

*iv. A description of any plans for the use of reclaimed water;* None.

*v. A description of any plans for the use of recharge facilities;* None.

*vi. A description of any plans for the use of surface water;* None.

vii. *A description of any other plans or programs to promote water conservation;*  
In Docket W-02250A-14-0028 Windsong proposed and the Commission approved  
a three tiered rate structure that is likely to encourage conservation.

34. *A backflow prevention tariff that complies with Commission standards, if not  
already on file;* A backflow tariff is being filed concurrently as a compliance item in Docket No.  
W-02250A-14-0028.

35. *A curtailment tariff that complies with Commission standards, if not already on  
file;* An application for a curtailment tariff is being filed concurrently as a compliance item in  
Docket No. W-02250A-14-0028.

36. *A copy of a Physical Availability Determination, Analysis of Adequate Water  
Supply, or Analysis of Assured Water Supply issued by the Arizona Department of Water  
Resources for the proposed service area or extension area or, if not yet obtained, the status of the  
application for such approval;* None. Not required. Windsong is not located in an active  
management area.

37. *If the applicant is requesting a CC&N extension:*

i. *A current compliance status report from the Arizona Department of  
Environmental Quality, dated no more than 30 days before the date the CC&N  
extension application is filed, for each water system operated by the applicant, as  
identified by a separate Arizona Department of Environmental Quality Public  
Water System Identification Number; and*

ii. *A water use data sheet for the water system being extended by the applicant;*  
Not applicable; applicant is not requesting a CC&N extension. In addition,  
Windsong recently entered into a consent order with the U.S. Environmental  
Protection Agency, see Exhibit 4. Windsong is currently working with ADEQ to  
resolve all pending issues. Windsong cannot provide a water use data sheet,  
because it does not yet have a wellhead meter. See Decision No. 74597 (July 30,  
2014), which requires Windsong to install a wellhead meter within 180 days of the

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

effective date of the decision. Bill count data was provided in Docket No. W-02250A-14-0028

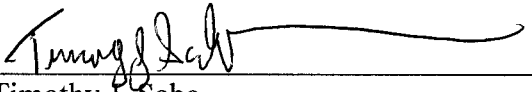
38. *The notarized signature of the applicant.* This will be provided when available.

WHEREFORE, Winsong requests that the Commission:

1. Issue Windsong a Certificate of Convenience and Necessity for the area described herein; and
2. Approve the transfer of assets from Arizona Windsong Realty, Inc. to Windsong.

RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of October 2014.

ROSHKA DEWULF & PATTEN, PLC

By   
\_\_\_\_\_  
Timothy J. Sabo

One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

Attorney for Arizona Windsong Water Co.

ROSHKA DeWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Original + 13 copies of the foregoing  
2 filed this 28<sup>th</sup> day of October 2014, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington  
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed  
8 this 28<sup>th</sup> day of October 2014, to:

9 Lyn A. Farmer, Esq.  
10 Chief Administrative Law Judge  
11 Hearing Division  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007

15 Janice Alward, Esq.  
16 Chief Counsel, Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington  
19 Phoenix, Arizona 85007

20 Steven Olea, Director  
21 Utilities Division  
22 Arizona Corporation Commission  
23 1200 West Washington  
24 Phoenix, Arizona 85007

25 Lili Paulsell  
26 Arizona Windsong Water Company  
27 PO Box 261  
Sanders, Arizona 86512

By Jaelyn Howard

## **Exhibit-1**

# STATE OF ARIZONA



## Office of the CORPORATION COMMISSION

The Executive Director of the Arizona Corporation Commission does hereby certify that the attached copy of the following document:

### ARTICLES OF INCORPORATION, 11/21/2002

consisting of 8 pages, is a true and complete copy of the original of said document on file with this office for:

**ARIZONA WINDSONG WATER CO.**  
ACC file number: -1054029-6

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission on this date: October 28, 2014.



*Jodi A. Jerich*  
Jodi A. Jerich, Executive Director

By: *Jeffrey A. Barker*  
JEFFREY A BARKER

ARIZONA CORPORATION COMMISSION  
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington  
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress  
Tucson, Arizona 85701-1347

**CERTIFICATE OF DISCLOSURE**  
**A.R.S. §10-202.D**

CHECK APPROPRIATE BOX (A OR B)  
ANSWER "C"

ARIZONA WINDSONG WATER CO.  
EXACT CORPORATE NAME

**THE UNDERSIGNED CERTIFY THAT:**

A. No person serving either by election or appointment as officers, directors, trustees, incorporators and persons controlling or holding over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:



1. Have been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
2. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
3. Have been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
  - (a) involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
  - (b) involved the violation of the consumer fraud laws of that jurisdiction; or
  - (c) involved the violation of the antitrust or restraint of trade laws of that jurisdiction.

B. For any person or persons who have been or are subject to one or more of the statements in Items A.1 through A.3 above, the following

☐ Information MUST be attached:

1. Full name, prior name(s) and aliases, if used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or case number of case.

C. Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity or held or controlled over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

Yes \_\_\_\_\_ No ✓

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name (including aliases) and address of each person involved.
3. State(s) in which the corporation:
  - (a) Was incorporated.
  - (b) Has transacted business.
4. Dates of corporate operation.

D. The fiscal year end adopted by the corporation is December.

Under penalties of law, the undersigned incorporator(s)/officer(s) declare(s) that I/we have examined this Certificate, including any attachments, and to the best of my/our knowledge and belief it is true, correct and complete. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY

Patton Earl Paulsell

BY

Lillie S. Paulsell

PRINT NAME

Patton Earl Paulsell

PRINT NAME

Lillie S. Paulsell

TITLE

Incorporator

DATE

11-4-02

TITLE

Incorporator

DATE

11-4-02

**DOMESTIC CORPORATIONS:** ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days, any person becomes an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by at least one duly authorized officer of the corporation.

**FOREIGN CORPORATIONS:** MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

AZ. CORP. COMMISSION  
FILED

NOV 21 2002

APPR. M. Kelly-Bastelo  
TERM \_\_\_\_\_  
DATE 11.21.02

-1054029-6

ARTICLES OF INCORPORATION

OF

ARIZONA WINDSONG WATER CO.

KNOW ALL MEN BY THESE PRESENTS:

That we, Patton Earl Paulsell and Lillie S. Paulsell, having this day associated ourselves for the purpose of forming a corporation under the laws of the State of Arizona, do hereby adopt the following Articles of Incorporation.

I. NAME

The name of the corporation is ARIZONA WINDSONG WATER CO. OKAP

II. PURPOSE

The purpose for which this corporation is formed is the transaction of any and all lawful business by which corporations may be incorporated under the laws of the State of Arizona as they may be amended from time to time and specifically, but not in limitation thereof, for the purpose of owning and operating a water company.

III. INITIAL BUSINESS

The corporation initially intends to conduct the business of a water company.

IV. AUTHORIZED CAPITAL STOCK

The authorized capital stock of this corporation shall be Five Million Dollars (\$5,000,000), divided into two (2) classes of common stock, voting common stock and non-voting common stock. The authorized voting common stock shall be Two Million Five Hundred Thousand Dollars (\$2,500,000), consisting of Two Million Five Hundred (2,500,000) shares of the par value of One Dollar (\$1.00) each. The authorized non-voting common stock shall be Two Million Five Hundred

Thousand Dollars (\$2,500,000), consisting of Two Million Five Hundred Thousand (2,500,000) shares of the par value of One Dollar (\$1.00) per share. These classes of common stock shall have identical rights, except that the non-voting common stock shall have no voting rights. The corporation is further authorized to issue such classes of preferred stock as the Board of Directors shall from time to time determine, the designations, preferences, privileges, and voting powers of the shares of each class of stock to be determined by the Board of Directors prior to the issuance of such shares.

The capital stock of the corporation shall be paid in at such time or times as the Board of Directors may designate in cash, real or personal property, services, leases, options to purchase, or any other valuable right or thing for the uses and purposes of this corporation, and all shares of the capital stock, when issued in exchange therefor, shall thereupon and thereby become fully paid, the same as though paid for in cash at par value and shall be non-assessable forever. The judgment of the Directors honestly exercised as to the value of any real or personal property, services, leases, options to purchase, or other valuable right or thing acquired in exchange for capital stock, shall be conclusive. The holders, from time to time, of the voting common stock and non-voting common stock of the corporation shall have preemptive rights as to the voting common stock and non-voting common stock, respectively, then or thereafter authorized to be issued. No resolution of the Board of Directors authorizing the issuance of stock to which preemptive rights shall attach may require such rights to be exercised within less than sixty (60) days.

#### V. STATUTORY AGENT

The name and address of the initial Statutory Agent is: Patton Earl Paulsell, Lot 34, AZ Park Estates, Box 261, Sanders, AZ 86512.

## VI. PLACE OF BUSINESS

The known place of business of the corporation shall be Lot 34, AZ Park Estates, Box 261, Sanders, AZ 86512.

## VII. INITIAL BOARD OF DIRECTORS

The initial Board of Directors shall consist of two (2) Directors, but the number of Directors shall, from time to time, be designated by the By-Laws of the corporation. The persons who are to serve as Directors until the first annual meeting of shareholders, or until their successors are elected and qualified, are:

<u>NAME</u>	<u>ADDRESS</u>
Patton Earl Paulsell	Lot 34, AZ Park Estates Box 261 Sanders, AZ 86512
Lilyle S. Paulsell	Lot 34, AZ Park Estates Box 261 Sanders, AZ 86512

The Board of Directors shall have the power, without any action on the part of the shareholders, to adopt, alter, amend, or repeal the By-Laws of the corporation and to make all rules and regulations necessary or expedient to the conduct of its affairs.

## VIII. PRIVATE PROPERTY OF SHAREHOLDERS

The private property of the shareholders of this corporation shall be forever exempt from its debts and obligations.

## IX. INCORPORATORS

The names and addresses of the incorporators of this corporation are:

Patton Earl Paulsell  
Lot 34, AZ Park Estates  
Box 261  
Sanders, AZ 86512

Lilly S. Paulsell  
Lot 34, AZ Park Estates  
Box 261  
Sanders, AZ 86512

**X. CORPORATE EXISTENCE**


The corporation shall have perpetual existence.

**XI. LIMITATION OF LIABILITY OF DIRECTORS**

No person while serving as a member of the Board of directors of this corporation shall be personally liable to the corporation or its shareholders for monetary damages for any action taken or any failure to take any action as a Director, except liability for any of the following:

- (a) The amount of a financial benefit received by a Director to which the Director is not entitled.
- (b) An intentional infliction of harm on the corporation or the shareholders.
- (c) A violation of A.R.S. §10-833.
- (d) An intentional violation of criminal law.

IN WITNESS WHEREOF, the incorporators have hereunto signed these Articles of Incorporation this 4 day of November, 2002.

  
\_\_\_\_\_  
Paton Earl Paulsell

  
\_\_\_\_\_  
Lilly S. Paulsell

STATE OF ARIZONA

County of Apache

)  
) ss.  
)

Before me, the undersigned authority, a Notary Public in and for the above county and state, personally appeared Patton Earl Paulsell and Lillie S. Paulsell, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged that the execution of said instrument by them was their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office this 4<sup>th</sup> day of November, 2002.



Linda C. Jones  
Notary Public

**ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT**

I, Patton Earl Paulsell, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

Pat E Paulsell  
Patton Earl Paulsell

DAVID G. DAVIES, LTD.  
5110 N. 40th St., #236  
Phoenix, AZ 85018  
(602) 956-1521  
FAX: (602) 956-1765

RECEIVED

NOV 27 2002

ARIZONA CORP COMMISSION  
CORPORATIONS DIVISION**fax**

to: Mary - Arizona Corporation Commission

fax #: 542-4100

PHONE:

from: DAVID G. DAVIES

date: November 27, 2002

subject: Arizona Windsong Water Co.

pages: 2, Including this page

NOTES:

*Law Office of*  
*David G. Davies, Ltd.*  
*Suite 236 Northbank Office Park*  
*5110 North 40th Street*  
*Phoenix, Arizona 85018-2198*  
*Tel: (602) 956-1521 • Fax: (602) 956-1765*

November 27, 2002

**Fax: 542-4100**

Attn: Mary  
Arizona Corporation Commission

I write, Mary,

pursuant to my phone call with your personnel this morning and concerning my submission of Articles of Incorporation for Arizona Windsong Water Co. Apparently some question was raised as to whether the address set forth for the Statutory Agent in Article V was, in fact, an address that could be used by the Post Office.

Today I confirmed the fact with Mrs. Paulsell that Lot 34, AZ Park Estates is, in fact, a mailing address and mail can be received at that address. It is also used by Federal Express and United Parcel Service.

Now that this information has been verified, I trust that you can proceed with the Articles of Incorporation as submitted.

Very truly yours,

DAVID G. DAVIES, LTD.



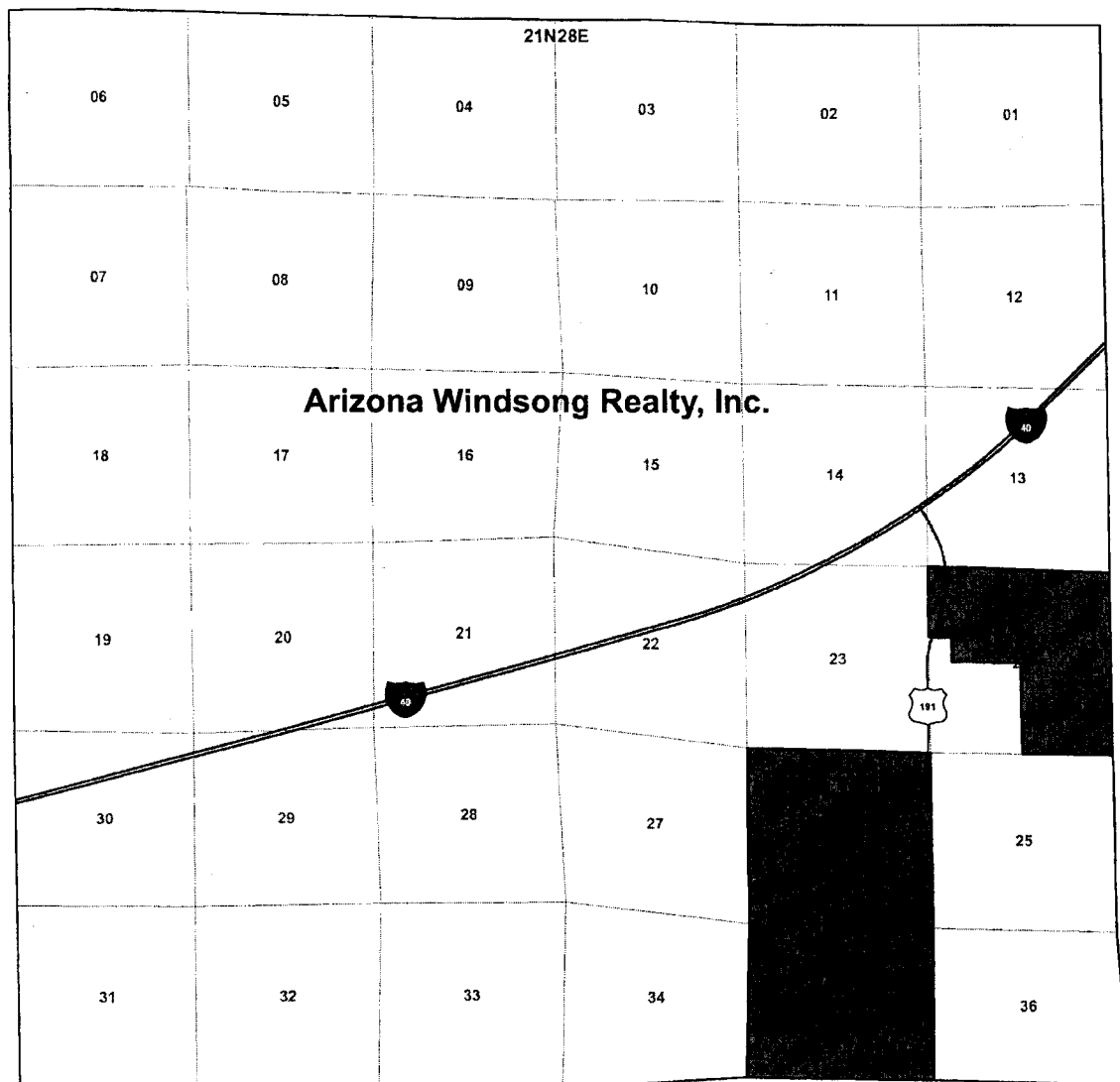
David G. Davies

DGD/csw  
cc: Pat Paulsell by fax

## **Exhibit-2**

Figure 2

A P A C H E C O U N T Y



## **Exhibit-3**

**ORIGINAL**

Arizona Windsong Water Co.

TARIFF SCHEDULE OF RATES AND CHARGES FOR SERVICE

Approved by the Arizona Corporation Commission in Decision No.

74597

Rates and charges herein effective for all service provided on and after:

August 1, 2014

**MONTHLY USAGE CHARGES**

5/8 x 3/4 - Inch Meter \$ 37.12

**COMMODITY CHARGE (per 1,000 gallons)**

5/8 x 3/4 Inch Meter  
0 to 3,000 Gallons \$ 4.00  
3,001 to 12,000 Gallons .500  
Over 12,000 Gallons 6.00

**SERVICE CHARGES**

Establishment \$ 30.00  
Reconnection (Delinquent) 30.00  
After Hours Service Charge 35.00  
Meter Test (If Correct) 30.00  
Deposit \*  
Deposit Interest (per Year) \*  
Re-establishment (Within 12 Months) \*\*  
NSF Check \$ 20.00  
Deferred Payment (Per Month) 1.5%  
Meter Re-Read (If Correct) \$ 15.00  
Late Payment Charge (Per Month) \$ 5.00

\* Per Commission Rule A.A.C. R-14-2-403(B).

\*\* Number of months off system times the monthly minimum, per Commission rule A.A.C. R-14-2-403(D).

**SERVICE LINE AND METER INSTALLATION CHARGES.**

(Refundable pursuant to A.A.C. R14-2-405)	Service Line	Meter	Total Charges
5/8" X 3/4" Meter	\$ 490.00	\$ 131.50	\$ 621.50
3/4" Meter	490.00	232.50	722.50
1" Meter	547.00	293.00	840.00
1-1/2" Meter	609.50	505.50	1,115.00
2" Meter	927.00	1,030.50	1,957.50
3" Meter	1,171.00	1,661.50	2,832.50
4" Meter	1,661.00	2,646.50	4,307.50
6" Meter	2,478.50	5,025.50	7,504.00

In addition to collecting its regular rates and charges, the Company shall collect from its customers a proportionate share of any privilege, sales, or use tax per A.A.C. R14-2-409(D)(5).

APPROVED FOR FILING

DECISION #: <sup>1 of 1</sup> 74597

## **Exhibit-4**



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION IX  
75 Hawthorne Street  
San Francisco, CA 94105

FILED

2014 OCT 15 PM 4:11

US EPA - REGION IX  
HEARING CLERK

IN THE MATTER OF:

ARIZONA WINDSONG WATER COMPANY

Respondent.

PWS ID# AZ0401009

)  
) DOCKET NO.: SDWA-09-2008-0001  
)  
)  
)  
) DATED: October 15, 2014  
)  
)  
)  
)  
)

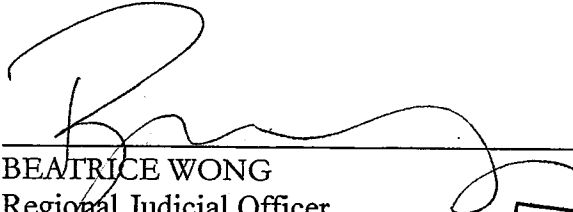
FINAL ORDER GRANTING APPROVAL OF CONSENT AGREEMENT

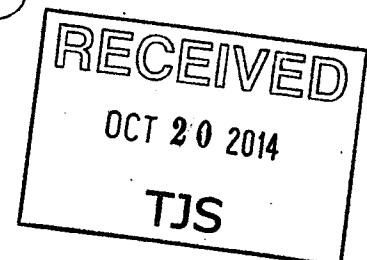
By written motion, filed October 10, 2014, Complainant, the United States Environmental Protection Agency (EPA) sought approval of the parties' Consent Agreement and issuance of a Final Order to resolve the instant matter.

**IT IS HEREBY ORDERED THAT:**

1. EPA's motion for approval of the Consent Agreement and issuance of a Final Order is GRANTED.
2. The Consent Agreement between EPA and Respondent, Arizona Windsong Water Company, and this Final Order for this matter, EPA Docket No. SDWA-09-2008-0001, shall be ENTERED;
3. Respondent, Arizona Windsong Water Company, shall comply with the requirements set forth in the Consent Agreement, incorporated by reference in this Final Order, which becomes final and effective on the date this Final Order is filed with the EPA Region 9 Regional Hearing Clerk.

Dated: October 15, 2014

  
BEATRICE WONG  
Regional Judicial Officer



1 applicable regulations, and that entry of this Consent Agreement and Proposed Final Order  
2 ("CA/FO") is the most appropriate means of resolving such matters.

3 **Respondent's Admissions**

4 2. In accordance with 40 C.F.R. § 22.18(b)(2) and for the purpose of this proceeding,  
5 Respondent (a) admits that Complainant has jurisdiction over the subject matter of this CAFO  
6 and over Respondent; (b) admits the jurisdictional allegations contained in the attached  
7 "Administrative Complaint, Findings of Violation, Notice of Proposed Assessment of a Civil  
8 Penalty, and Notice of Opportunity to Request a Hearing Thereon" ("Complaint"), Docket No.  
9 SDWA-09-2008-0001; (c) neither admits nor denies any other allegation, finding of fact, or  
10 conclusion of law asserted by Complainant; and (d) waives any right to contest the  
11 Complainant's allegations or the right to appeal the Proposed Final Order.

12 **Civil Administrative Penalty**

13 3. After taking into consideration the seriousness of the alleged violations, the population at  
14 risk, and other appropriate factors, EPA has determined that it is appropriate to assess, and  
15 Respondent has agreed to pay to the United States, a civil administrative penalty in the amount  
16 of one thousand dollars (\$1,000.00).

17 4. Payment of penalty must be received on or before thirty (90) calendar days after the  
18 effective date of the CA/FO. The date by which payment must be received by the United States  
19 shall be the "due date" for the payment.

20 5. Respondent shall make payment under this CA/FO in accordance with any of the  
21 acceptable methods of payment listed in **Exhibit A**, "EPA Region 9 Collection Information,"  
22 which is incorporated by reference as part of this CA/FO. Concurrent with payment of the  
23 penalty, Respondent shall provide written notice of payment, referencing the title and docket  
24 number of this case and attach a photocopy of the penalty payment, via certified mail to each of  
25 the following:

1 Regional Hearing Clerk  
2 EPA Region 9  
3 75 Hawthorne Street (mail code: ORC-1)  
4 San Francisco, California, 94105

5 and

6 Patrick Chan  
7 SDWA/FIFRA Enforcement Office  
8 Enforcement Division, EPA Region 9  
9 75 Hawthorne Street (ENF-3-3)  
10 San Francisco, CA 94105  
11 415-972-3551 (office phone)

12 6. If the penalty is not paid when due, interest shall accrue on any overdue amount from the  
13 first date after the due date through the date of payment, at the interest rate established by the  
14 Secretary of the Treasury under 31 U.S.C. § 3717. In addition, a late payment handling charge  
15 of fifteen dollars (\$15.00) will be assessed for each thirty-(30) day period (or any portion  
16 thereof) following the due date in which the balance remains unpaid. Payment of any interest  
17 and late handling charges shall be made in accordance with paragraph 5 above.

18 7. Failure by Respondent to pay the penalty in full according to the above provisions will  
19 result in referral of this matter to the United States Department of Justice or the United States  
20 Department of the Treasury for collection.

21 8. Respondent shall not deduct the civil penalty, or any interest, late penalty payment and  
22 administrative handling fees, from its federal, state or local income taxes.

#### 23 Retention of Rights

24 9. In accordance with 40 C.F.R. § 22.18(c), this CA/FO serves to resolve Respondent's  
25 liability for federal civil penalties for the violations and facts specifically alleged in the attached  
Complaint. Nothing in this CA/FO is intended to or shall be construed to resolve (i) any civil  
liability for violations of any provision of any federal, state, or local law, statute, regulation, rule,  
ordinance, or permit not specifically alleged in the attached Complaint; or (ii) any criminal  
liability. EPA specifically reserves any and all authorities, rights, and remedies available to it

1 (including, but not limited to, injunctive or other equitable relief or criminal sanctions) to address  
2 any violation of this CA/FO or any violation not specifically alleged in the attached Complaint.

3 10. This CA/FO shall not affect Respondent's obligation to comply with all applicable  
4 federal, state, local laws, ordinances, regulations, permits, and orders.

5 11. This Consent Agreement may be executed and transmitted by facsimile, email or other  
6 electronic means, and in multiple counterparts, each of which shall be deemed an original, but all  
7 of which shall constitute one instrument. If any portion of this Consent Agreement is determined  
8 to be unenforceable by a competent court or tribunal, it is the Parties' intent that the remaining  
9 portions shall remain in full force and effect. This is the Parties' complete agreement concerning  
10 the subject matter hereof, and no modification of this Consent Agreement shall be valid or  
11 binding unless the same be in a signed writing of the Parties

12 12. This CA/FO shall in no way affect the right of EPA or the United States against  
13 any third party (person/entity not a party to this CA/FO) or the right of any third party against  
14 Respondent. This CA/FO does not create any right in or grant any cause of action to any third  
15 party.

#### 16 **Attorneys' Fees and Costs**

17 13. Unless otherwise specified, the Parties shall each bear their own costs and attorneys fees  
18 incurred in this proceeding.

#### 19 **Binding Effect**

20 14. This CA/FO shall be binding upon Respondent, its officers, directors, agents, servants,  
21 employees, successors, assigns and subsequent purchasers. Changes in ownership, including but  
22 not limited to any transfer of assets of real or personal property, shall not alter Respondent's  
23 status or responsibilities under this CA/FO.

24 15. The undersigned representative of each of the Parties certifies that he or she is fully  
25 authorized to execute and legally bind that party to this CA/FO.

**Effective and Termination Dates**

16. This CA/FO shall take effect on the date the Final Order is filed with EPA Region 9's Regional Hearing Clerk, and shall terminate when Respondent has complied with this CA/FO in full.

**CONSENTING PARTIES:**

For Respondent Arizona Windsong Water Company:

By: Lillie Paulsell  
Lillie Paulsell

Date: 9/26/14, 2014

For Complainant U.S. Environmental Protection Agency, Region 9:

By: Ky CML for KJ  
Kathleen Johnson, Director  
Enforcement Division

Date: 10/10/14, 2014

CERTIFICATE OF SERVICE

I hereby certify that the foregoing FINAL ORDER GRANTING APPROVAL OF CONSENT AGREEMENT (with the Consent Agreement and attached Exhibits) in the matter of Arizona Windsong Water Company, SDWA-09-2008-00011, signed by the Regional Judicial Officer, has been filed with the Regional Hearing Clerk (file date October 15, 2014), and has been served on Respondent, and Counsel for EPA, as indicated below:

BY FIRST CLASS MAIL:  
(Certified w/Return Receipt)

For Respondent -

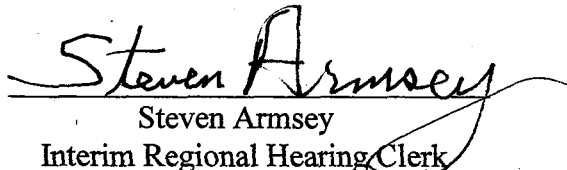
Timothy J. Sabo  
Roshka, DeWulf & Patten, LLC  
One Arizona Center  
400 East Van Buren (Suite 800)  
Phoenix, AZ 85004

HAND DELIVERED:

For Complainant -

Richard Campbell, Esq.  
Office of Regional Counsel  
ENVIRONMENTAL PROTECTION AGENCY  
75 Hawthorne Street  
San Francisco, CA 94105

Dated at San Francisco, Calif., this 15th day of October, 2014.

  
Steven Armsey  
Interim Regional Hearing Clerk  
EPA, Region 9